

Overview of NAMAs

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Outline of Presentation

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2. NAMAs in the Cancun Agreements
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3. NAMA Finance
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NAMAs History

Bali Action Plan calls for developing countries (DCs) to implement
“nationally appropriate mitigation actions” (NAMAs)

- “In the context of *sustainable development*”
- “Supported and enabled by *technology, financing and capacity building*”
- “In a *measurable, reportable and verifiable* manner” (both actions and support)

Cancun Agreements adds that NAMAs are:

“aimed at achieving *a deviation in emissions relative to ‘business as usual’ emissions in 2020*”

NAMAs in Cancun Agreements

- ***Unilateral*** – DC takes autonomous action without outside support
- ***Supported*** – some part of DC action is conditioned upon international support (financing, technology or capacity building)
- **Discussed but not included as a NAMA in the Cancun Agreements: *Credit-generating*** – DC earns credits that can be sold on the international carbon market for taking actions that reduce emissions below an agreed crediting baseline
 - Some Parties suggest that some NAMAs could generate credits under “markets” portion of Cancun but controversial

Potential NAMAs

NAMAs can include a broad number of possible actions:

- Regulations and standards
- Policies
- Fiscal measures: carbon taxes, incentives, etc.
- Sector-wide approaches
- Other actions and programs

NAMAs may or may not include:

- Individual projects
- REDD activities

NAMAs do not include:

- CDM projects

NAMA Benefits

- Supported NAMAs can receive up-front financing from developed nations for capacity building and for up to the incremental costs of the proposed actions
- The form of financial support has not been defined in the UNFCCC process as yet but is likely to include grants, loans, loan and risk guarantees, policy support, writing down the cost of technologies etc.
- NAMAs can emphasize sustainable development benefits and can finance efforts in sectors that CDM has ignored (e.g. transport, buildings, etc)

NAMA Benefits

- **This system provides the opportunity for a DC to:**
 - Use unilateral and supported NAMAs to capture the “**low-hanging fruit**” as their contribution to climate protection
 - Could reserve higher cost-per-ton options for credit generating NAMAs (either bilateral or multilateral)
- Supported NAMAs can create a “**race to the top**” if proposals from different developing countries compete for up-front financing
- Unilateral and supported NAMAs produce reductions that are used by DCs to meet their emission reduction pledges
 - Not offsets to help developed countries meet their emission reduction commitments

NAMA Registry in Cancun Agreements

- **Part 1:** Recognize unilateral *NAMAs*
- **Part 2:** *Record NAMAs seeking support*
 - DCs record proposed NAMAs including actions, estimated costs, metrics, emissions reductions, timing, and ***support requested***
 - Annex I Parties record support available for NAMAs
- **Part 3:** *Recognize Supported NAMAs being implemented*
 - Annex I Parties record support provided to NAMAs
 - DCs record actions supported

Registry is also designed to assist in matching donors and NAMAs seeking support

National Communications and Biennial Update Reports (BUR)

- National Communications (NatComs) are required of all Parties to the UNFCCC and will now be required every 4 years from all Parties
- All NatComs include emissions inventories and descriptions of policies and measures (NAMAs)
- Cancun requires a new Biennial Update Report which includes an update of the inventory and a report on individual NAMAs or suites of NAMAs
 - Will describe actions, choose appropriate metrics, estimate GHG reductions to the extent possible
 - Also describe DC needs for support and support received

NAMA Review in Cancun Agreements

- BUR will serve as the basis for international review through a new international consultation and analysis process (ICA)
- International process will include either on-site reviews by expert teams or a written question and answer process on the BUR
- Stated goal of process is to build capacity in developing countries to assist with any difficulties in developing, implementing, reporting and verifying NAMAs
- BUR and ICA processes are controversial part of negotiations
- **DCs will also provide reporting on NAMAs *outside* the UNFCCC process through program guidelines and contracts with bilateral and multilateral donors**

NAMA Finance: Fast Start Finance

- In Copenhagen Accord, developed countries pledged “new and additional resources” approaching *\$30 billion for the period 2010-2012* to support mitigation and adaptation in DCs
- Fast Start Process is key for *rebuilding trust* in the UNFCCC process via “learning-by-doing”
- Development of Kyoto Protocol and CDM were decisively shaped by similar *learning-by-doing* processes that produced concrete projects
- Concrete financing and implementation of NAMAs, development of MRV approaches, and pilot tests of NAMA crediting can occur during Fast Start phase
- Supported NAMAs likely to play large role
 - Data and capacity gaps in DCs must be addressed first
 - Sustainable development is key element

NAMA Finance: Longer-Term Finance

- In Copenhagen Accord, developed countries “committed to a goal of mobilizing jointly” *\$100 billion per year by 2020* “to address the needs of developing countries”
- Funds will come from a wide *variety of sources*: public, private, bilateral, multilateral, alternative
- High-Level Advisory Group on Climate Change Financing studied how to mobilize these funds and concluded that:
 - Mobilizing this sum is challenging but feasible
 - Carbon price of \$20-25 per ton CO₂e in 2020 is key

NAMA Finance: Green Climate Fund

- Cancun Agreements establish a *Green Climate Fund* to support DC “projects, programs, policies and other activities”
 - Transitional Committee (TC) will finalize a proposal this month
- Issues to decide by TC include:
 - Acceptable financial instruments that GCF can use to deliver funds to DCs
 - Funding “windows” (likely to include mitigation, adaptation and REDD+)
 - Modality for access (prerequisites for direct access)
- TC will not decide on amount or sources of funds

NAMA Finance: The Outlook

- Current climate finance – bilateral and World Bank funds – will continue to grow through 2013 – UK has committed 1.9 billion pounds thru 2014 and others likely to follow suit in 2012
- Bilateral funding will continue over long term, even after the Green Climate Fund becomes operational
- There is an opportunity to shape the bilateral market for funding NAMAs as the establishment of the Green Climate Fund may move slowly
- Real-world experiences with NAMAs through existing bilateral and multilateral channels can help define NAMAs, MRV and funding criteria and contribute to the design of the Green Climate Fund

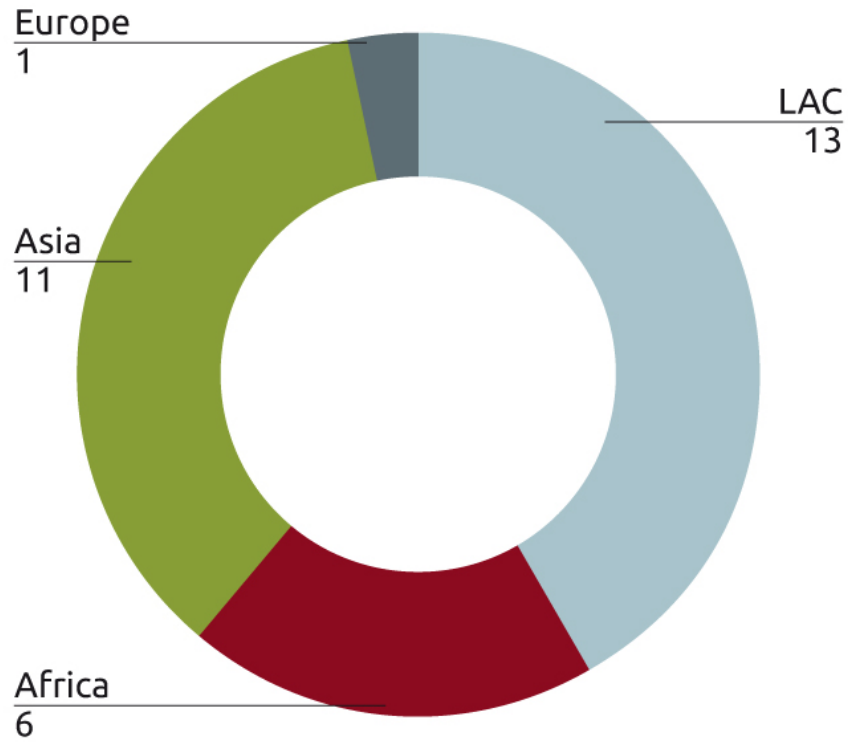
NAMAs vs. CDM

- Unilateral and supported NAMAs produce reductions that reflect a DC contribution to protection of the atmosphere, do not produce offsets
- NAMAs will hopefully affect larger sets of facilities within a sector, while traditional CDM is project-specific. Poor performers are ignored in traditional CDM (with possible exception of “programs of activities” CDM)
- NAMAs can be designed for one sector or across sectors
- If NAMAs and CDM coexist in the same sector, there is a double counting risk – need to wall off CDM projects from calculation of NAMA performance
- EU ETS likely to bar project-specific CDM except from LDCs – will avoid any double counting risk

`Current Pilot NAMA Activity – ECOFYS Database

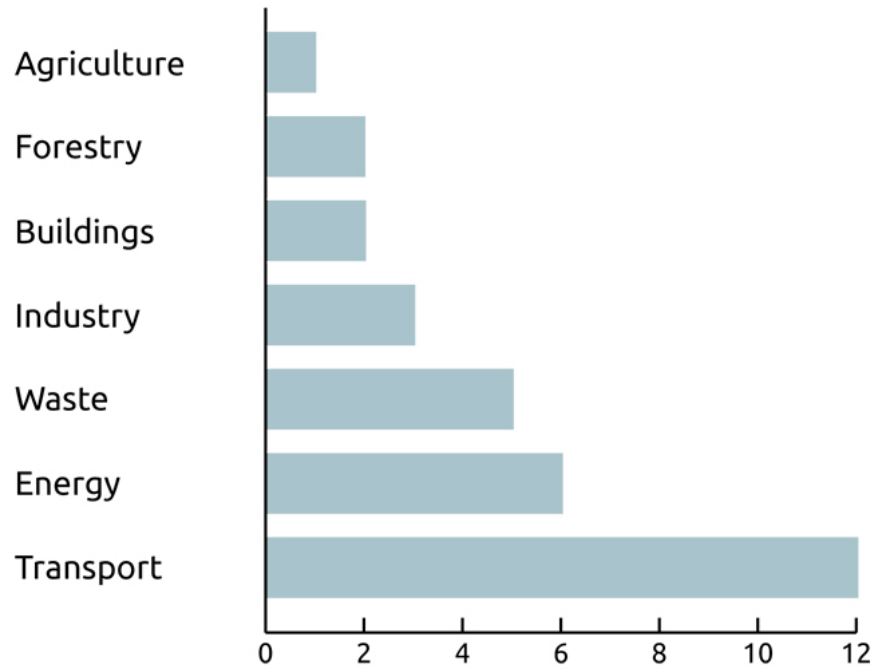
www.NAMA-database.org

Regional distribution of NAMAs



LAC: Latin America and Caribbean

Sectoral distribution of NAMAs



Key NAMA Questions

- How does this description of the state of play on NAMAs match with your views? Are there actions that your country is thinking about that would not fit in the NAMA framework outlined here?
- One of the central premises of the MAIN project is that the fact that the limited UNFCCC guidance on NAMAs is a huge opportunity for countries to test various approaches on the ground and thereby shape the future of NAMAs. Which elements of the NAMA framework do you see as most important to test on the ground first – NAMAs themselves, uses finance can be directed to, reporting requirements, others?
- Will the continued existence of the CDM and its potential overlap with NAMAs be a problem for your country in enlisting industry support for developing NAMAs? Or does declining demand for CDM create a stimulus to develop supported NAMAs with the promise of up-front financing?

Thank You

For more information:

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